



## DEPARTMENT OF ENERGY

### Bonneville Power Administration

[BPA File No. BP-24]

### Fiscal Year (FY) 2024–2025 Proposed Power and Transmission Rate Adjustments

### Public Hearing and Opportunities for Public Review and Comment

**AGENCY:** Bonneville Power Administration (Bonneville or BPA), Department of Energy (DOE).

**ACTION:** Notice of FY 2024-2025 proposed power and transmission rate adjustments.

**SUMMARY:** Bonneville is initiating a rate proceeding under the Northwest Power Planning and Conservation Act (Northwest Power Act) to establish power, transmission, and ancillary and control area services rates for the period from October 1, 2023, through September 30, 2025.

Bonneville has designated this proceeding Docket No. BP-24.

### **DATES:**

*Prehearing Conference:* The BP-24 proceeding begins with a prehearing conference, which will be held via telephone at 10:00 a.m. on Friday, December 2, 2022.

*Intervention:* Anyone intending to become a party to the BP-24 proceeding must file a petition to intervene on Bonneville's secure website. Petitions to intervene may be filed beginning on the date of publication of this Notice and are due no later than 4:30 p.m. on Monday, December 5, 2022. Part III of this notice, "Public Participation in BP-24," provides details on requesting access to the secure website and filing a petition to intervene.

**ADDRESSES:** Interested parties may obtain the call-in information by accessing Bonneville's BP-24 webpage at <https://www.bpa.gov/goto/bp24> or by contacting the Hearing Clerk at [BP24clerk@gmail.com](mailto:BP24clerk@gmail.com).

*Participant Comments:* Written comments by non-party participants must be received by Friday, December 9, 2022, to be considered in the Administrator's Record of Decision (ROD). Part III

of this notice, “Public Participation in BP-24,” provides details on submitting participant comments.

**FOR FURTHER INFORMATION CONTACT:** Ms. Elissa Haley, DKS-7, BPA

Communications, Bonneville Power Administration, P.O. Box 3621, Portland, Oregon 97208; by phone toll-free at 1-800-622-4519; or by e-mail to *enhaley@bpa.gov*.

The Hearing Clerk for this proceeding can be reached via e-mail at *BP24clerk@gmail.com* or via telephone at (503) 479-8506.

Please direct questions regarding Bonneville’s secure website to the Hearing Coordinator via e-mail at *cwgriffen@bpa.gov* or, if the question is time-sensitive, via telephone at (503) 230-5107.

*Responsible Officials:* Mr. Daniel H. Fisher, Power Rates Manager, is the official responsible for the development of Bonneville’s power rates, and Ms. Rebecca E. Fredrickson, Manager of Transmission Rates, Tariff, Regulatory and Compliance, is the official responsible for the development of Bonneville’s transmission, ancillary, and control area services rates.

## **SUPPLEMENTARY INFORMATION:**

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### **Part I – Introduction and Procedural Matters**

#### *A. Introduction*

The Northwest Power Act provides that Bonneville must establish, and periodically review and revise, its power and transmission rates so that they recover, in accordance with sound business principles, the costs associated with the acquisition, conservation, and

transmission of electric power, including amortization of the Federal investment in the Federal Columbia River Power System (FCRPS) over a reasonable number of years, and Bonneville's other costs and expenses. Section 7(i) of the Northwest Power Act requires that Bonneville's rates be established according to certain procedures, including publication in the *Federal Register*, of a notice of the proposed rates and one or more hearings conducted as expeditiously as practicable by a Hearing Officer to develop a full and complete record for a final decision by the Administrator. Bonneville is conducting the BP-24 proceeding to establish rates for FY 2024-2025.

Bonneville's Rules of Procedure will govern the BP-24 proceeding. The rules are posted on Bonneville's website at <https://www.bpa.gov/energy-and-services/rate-and-tariff-proceedings/rules-of-procedure-revision-process>.

#### *B. 2022 Integrated Program Review*

Bonneville's Integrated Program Review (IPR) process is designed to allow the public an opportunity to review and comment on Bonneville's expense and capital cost forecasts before the forecast costs are used to set rates. Bonneville's 2022 IPR process, which addressed the expense and capital program level cost forecasts for FY 2024-25, began in June 2022 and concluded with the issuance of the Final Close-Out Report in October 2022. At the discretion of the Administrator, Bonneville may hold additional processes to review these forecasts outside of the BP-24 rate proceeding.

#### *C. Proposed Settlement of Rates for Power Sales and Transmission, Ancillary, and Control Area Services*

Since August, Bonneville has been engaged in discussions with customers and other stakeholders to attempt to reach agreement on the proposed power and transmission rates, including ancillary and control area services rates, for the FY 2024-2025 rate period. These discussions have resulted in the BP-24 Rates Settlement, which includes the FY 2024-2025 rates and other terms that Bonneville is proposing to adopt in the BP-24 proceeding. A summary of

Bonneville's proposed power and transmission rates is provided in Part IV of this notice. A link to the BP-24 Rates Settlement is provided in Part V.

The BP-24 Rates Settlement calls for Bonneville to file a motion with the BP-24 Hearing Officer to establish a deadline for parties in the BP-24 proceeding to either object to the proposed settlement or waive the right to contest the settlement. Bonneville intends to file its motion soon after the BP-24 prehearing conference. If no party in the BP-24 proceeding objects to the BP-24 Rates Settlement, Bonneville staff will continue moving forward with the proposal that the Administrator adopt the settlement. If a party objects to the BP-24 Rates Settlement, Bonneville will notify all parties and decide how to proceed with respect to rates proposed in the initial proposal.

*D. Proposed Procedural Schedule*

A proposed schedule for the BP-24 proceeding is provided below, which assumes the BP-24 Rates Settlement proceeds without objection. The official schedule will be established by the Hearing Officer and may be amended by the Hearing Officer as needed during the proceeding.

Prehearing Conference	December 2, 2022
BPA Files Initial Proposal	December 2, 2022
Deadline for Petitions to Intervene	December 5, 2022
Deadline for Objections to Settlement Agreement	December 9, 2022
Close of Participant Comments	December 9, 2022
Final ROD and Final Studies Issued	February 9, 2023

*E. Ex Parte Communications*

Section 1010.5 of Bonneville's Rules of Procedure prohibits *ex parte* communications. *Ex parte* communications include any oral or written communication (1) relevant to the merits of any issue in the proceeding; (2) that is not on the record; and (3) with respect to which reasonable prior notice has not been given. The *ex parte* rule applies to communications with all

Bonneville and DOE employees and contractors, the Hearing Officer, and the Hearing Clerk during the proceeding. Except as provided, any communications with persons covered by the rule regarding the merits of any issue in the proceeding by other executive branch agencies, Congress, existing or potential Bonneville customers, nonprofit or public interest groups, or any other non-DOE parties are prohibited. The rule explicitly excludes and does not prohibit communications (1) relating to matters of procedure; (2) otherwise authorized by law or the Rules of Procedure; (3) from or to the Federal Energy Regulatory Commission (Commission); (4) that all litigants agree may be made on an *ex parte* basis; (5) in the ordinary course of business, about information required to be exchanged under contracts, or in information responding to a Freedom of Information Act request; (6) between the Hearing Officer and Hearing Clerk; (7) in meetings for which prior notice has been given; or (8) as otherwise specified in Section 1010.5(b) of Bonneville's Rules of Procedure. The *ex parte* rule remains in effect until the Administrator's Final ROD is issued.

## **Part II – Scope of BP-24 Rate Proceeding**

### *A. Joint Rate Proceeding*

The BP-24 proceeding is a joint proceeding for the adoption of both power and transmission rates for FY 2024-2025 (see Parts IV and V). This section provides guidance to the Hearing Officer regarding the scope of the rate proceeding and identifies specific issues that are outside the scope. In addition to the issues specifically listed below, any other issue that is not a ratemaking issue is outside the scope of this proceeding.

Bonneville may revise the scope of the proceeding to include new issues that arise as a result of circumstances or events occurring outside the proceeding that are substantially related to the rates under consideration in the proceeding. *See* Rules of Procedure, Section 1010.4(b)(8)(iii), (iv). If Bonneville revises the scope of the proceeding to include new issues, Bonneville will provide public notice on its website, present testimony or other information regarding such issues, and provide a reasonable opportunity to intervene and respond to

Bonneville's testimony or other information. *Id.*

1. Expense and Capital Cost Forecasts

Bonneville's forecasts of its expense and capital costs are not determined in rate proceedings. Bonneville develops these forecasts for the purposes of setting rates in external processes, such as the IPR process described previously, with input from stakeholders. These forecasts are used in Bonneville's ratemaking, but do not establish Bonneville's budgets or spending levels for any program. Adjustments to, and selection of, projects for Bonneville's actual spending levels for its programmatic spending, including fish and wildlife spending, occur through the yearly budgetary review process, which includes submission of Bonneville's budget to Congress.

Bonneville also depreciates the capital spending on the Federal power and transmission systems over the service lives of the associated assets. Power's investments are depreciated over fixed periods. Transmission's depreciation is based on a depreciation study calculated consistent with industry standards. The service lives of power and transmission assets, as well as the depreciation study and resulting depreciation rates, are not determined in rate proceedings.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seek to raise issues with or challenge the appropriateness or reasonableness of: (1) the Administrator's forecasts of cost and spending levels, (2) the identification of projects used in Bonneville's cost forecasts,; or (3) any decisions on the depreciation rates that are used to calculate depreciation expense. If any re-examination of cost forecasts is necessary, such re-examination will occur outside of the rate proceeding.

The exclusion does not extend to those portions of the revenue requirement related to the following: (1) interest rate forecasts, (2) interest expense and credit, (3) Treasury repayment schedules, (4) calculation of depreciation and amortization expense, (5) forecasts of system replacements used in repayment studies, (6) purchased power expenses, (7) transmission cost

incurred by Power Services, (8) generation cost incurred by Transmission Services, (9) minimum required net revenue, and (10) the costs of risk mitigation actions resulting from the expense and revenue uncertainties included in the risk analysis.

## 2. Federal and Non-Federal Debt Service and Debt Management

During the 2022 IPR process and in other forums, Bonneville provided the public with background information on Bonneville's internal Federal and non-Federal debt management policies and practices. While these policies and practices are not decided in the IPR process, these discussions were intended to inform interested parties about these matters so the parties would better understand Bonneville's debt structure. Bonneville's debt management policies and practices remain outside the scope of the rate proceeding.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address the appropriateness or reasonableness of Bonneville's debt management policies and practices. This exclusion does not encompass how debt management actions are reflected in ratemaking.

## 3. Financial and Accounting Policies and Practices

Bonneville's Financial Plan outlines objectives to sustain the agency's financial strength and resiliency. The Financial Plan focuses on four main areas: cost management; debt utilization; debt capacity; and liquidity. Bonneville has adopted certain financial policies to help further its financial objectives. Bonneville's Financial Reserves Policy establishes lower and upper thresholds for agency and business line financial reserves and parameters for actions to be taken when financial reserves are above or below the thresholds. Bonneville's Sustainable Capital Financing Policy guides BPA's use of debt and revenue financing to finance its capital investments. The terms of Bonneville's Financial Plan and Policies, along with Bonneville's internal financial and accounting policies and practices, are outside the scope of the BP-24 proceeding.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to visit or revisit the terms of Bonneville's Financial Plan, Financial Reserves Policy, Sustainable Capital Financing Policy, internal financial and accounting policies and practices, and previous decisions regarding the adoption and implementation of the Financial Plan and Policies.

4. Tiered Rate Methodology (TRM)

The TRM restricts Bonneville and its customers with Contract High Water Mark (CHWM) contracts from proposing changes to the TRM's ratemaking guidelines unless certain procedures have been successfully concluded. No proposed changes have been subjected to the required procedures.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to propose revisions to the TRM made by Bonneville, customers with CHWM contracts, or their representatives. This exclusion does not extend to a party or customer that does not have a CHWM contract.

5. Rate Period High Water Mark (RHWM) Process

The RHWM Process preceded the start of the BP-24 proceeding. In that process, as directed by the TRM, Bonneville established FY 2024-2025 RHWMs for Public customers that signed contracts for firm requirements power service providing for tiered rates, referred to as CHWM contracts. Bonneville established the maximum planned amount of power a customer is eligible to purchase at Tier 1 rates during the rate period, the Above-RHWM Loads for each customer, the System Shaped Load for each customer, the Tier 1 System Firm Critical Output, RHWM Augmentation, the Rate Period Tier 1 System Capability (RT1SC), and the monthly/diurnal shape of RT1SC. The RHWM Process provided customers an opportunity to review, comment on, and challenge Bonneville's RHWM determinations.



Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to visit or revisit Bonneville's determination of a customer's FY 2024-2025 RHW or other RHW Process determinations.

6. 2008 Average System Cost Methodology (2008 ASCM) and Average System Cost Determinations

Section 5(c) of the Northwest Power Act established the Residential Exchange Program, which provides benefits to residential and farm consumers of Pacific Northwest utilities based, in part, on a utility's "average system cost" (ASC) of resources. The 2008 ASCM is not subject to challenge or review in a Section 7(i) proceeding. Determinations of the ASCs of participating utilities are made in separate processes conducted pursuant to the ASCM. Those processes began with ASC filings on June 1, 2022, and concluded in October 2022, with the publication of the Final ASC Reports.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to visit or revisit the appropriateness or reasonableness of the 2008 ASCM or of any of the ongoing ASC determinations.

7. 2012 Residential Exchange Program Settlement Agreement (2012 REP Settlement)

On July 26, 2011, the Administrator executed the 2012 REP Settlement, which resolved longstanding litigation over Bonneville's implementation of the Residential Exchange Program (REP) under Section 5(c) of the Northwest Power Act, 16 U.S.C. 839c(c). The Administrator's findings regarding the legal, factual, and policy challenges to the 2012 REP Settlement are explained in the REP-12 Record of Decision (REP-12 ROD). The Administrator's decisions regarding the 2012 REP Settlement and REP-12 ROD were upheld by the U.S. Court of Appeals for the Ninth Circuit in *Ass'n of Pub. Agency Customers v. Bonneville Power Admin.*, 733 F.3d

939 (9th Cir. 2013). Challenges to Bonneville's decision to adopt the 2012 REP Settlement and implement its terms in Bonneville's rate proceedings are not within the scope of this proceeding.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to visit or revisit in this rate proceeding Bonneville's determination to adopt the 2012 REP Settlement or its terms.

8. Service to the Direct Service Industries (DSIs)

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to revisit the appropriateness or reasonableness of Bonneville's decisions regarding service to the DSIs, including Bonneville's decision to offer contracts to the DSIs and the method, level of service, or other terms embodied in the existing DSI contracts.

9. Operation and Maintenance of the Power and Transmission Systems

Bonneville operates and maintains the Federal Columbia River Transmission System and, in coordination with other Federal entities, the FCRPS in accordance with good utility practice and with applicable reliability standards and operating requirements. Bonneville's power and transmission systems operation and maintenance practices and protocols, such as dispatcher standing orders, operating instructions, reliability of the system, compliance programs, and other operating requirements, are non-rate matters.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address issues regarding operation and maintenance practices and protocols.

10. Terms and Conditions of Transmission Service

Bonneville offers and provides transmission services, including interconnection service, and ancillary and control area services in accordance with the terms and conditions specified in its open access transmission tariff (Tariff), business practices, and applicable contracts. In

addition to and concurrent with this rate proceeding, Bonneville is initiating the TC-24 proceeding to modify the Tariff terms and conditions. Bonneville's business practices provide implementation details for the Tariff. Bonneville's decisions regarding the business practices are determined in other forums and follow the procedures in Bonneville's Business Practice Process posted on its website. The Tariff terms and conditions, business practices, and the contracts and contract disputes between Bonneville and its customers are outside the scope of the BP-24 rate proceeding.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address issues regarding terms and conditions of transmission service, including interconnection service, and ancillary and control area services. This includes, but is not limited to, argument, testimony, or other evidence regarding Bonneville's decisions whether to offer particular transmission services, the terms and conditions for participating in the EIM, the procedures and standards for modifications to Bonneville's Tariff or business practices, and whether to include certain terms and conditions in the Tariff or in business practices.

#### 11. Oversupply Management Protocol

The proposed OS-24 Oversupply rate is a formula rate designed to recover Bonneville's actual oversupply costs incurred during the BP-24 rate period. Bonneville incurs oversupply costs pursuant to the Oversupply Management Protocol, Attachment P of Bonneville's Tariff.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address the terms of the Oversupply Management Protocol; whether the Oversupply Management Protocol complies with orders of the Commission; and whether Bonneville took all actions to avoid using the Oversupply Management Protocol, including the payment of negative prices to generators outside of Bonneville's balancing authority area. This exclusion does not extend to issues concerning the rates for recovering the costs of the

Oversupply Management Protocol.

## 12. Market Initiatives and Regional Carbon Policies

Bonneville is engaged in a number of market initiatives that are outside of the scope of this proceeding. These include (1) the Western Energy Imbalance Market (EIM), which is an extension of the California Independent System Operator's (CAISO) real-time market; (2) the Western Resource Adequacy Program (WRAP); and (3) regional cap and trade policies.

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to raise or revisit Bonneville's decision to join the EIM, the WRAP, or review or address Bonneville's position on regional cap and trade policies. This exclusion does not extend to issues concerning rate incentives and the recovery or distribution of EIM-related, carbon-related, and WRAP-related costs or credits, which are within the scope of the BP-24 proceeding.

## 13. Potential Environmental Impacts, Biological Constraints, and Related Operations

Environmental impacts are addressed in a National Environmental Policy Act (NEPA) process Bonneville conducts concurrent with the rate proceeding. *See* Section II.B of this notice. In addition, biological constraints on hydropower operations are determined outside of the rate case through processes such as intra-agency consultations under the Endangered Species Act, 16 U.S.C. 1536(a)(2). Finally, implementation of the decision regarding operations, maintenance and configuration (management) of the Columbia River System evaluated in the Columbia River System Operations Environmental Impact Statement (CRSO EIS) and associated joint ROD with the U.S. Army Corps of Engineers and Bureau of Reclamation, and associated biological opinions, court orders, and other agreements, are also not issues to be addressed in this proceeding.

Pursuant to Section 1010.4(a)(8) of Bonneville's Procedures, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address the potential environmental impacts of the rates being developed in

this rate proceeding, potential biological effects of operations modeled in the proceeding, the appropriate hydroelectric constraints defined in these environmental compliance processes, or the operations, maintenance, and configuration, (management) assumptions, studies, decisions, or matters addressed in the CRSO EIS or CRSO EIS joint ROD and associated biological opinions, court orders, and other agreements.

B. The National Environmental Policy Act

Bonneville is in the process of assessing the potential environmental effects of its proposed power and transmission rate adjustments, consistent with NEPA. The NEPA process is conducted separately from the rate proceeding. As discussed above, all evidence and argument addressing potential environmental impacts of the rate adjustments being developed in the BP-24 rate proceeding are excluded from the rate proceeding record. Instead, comments on environmental effects should be directed to the NEPA process.

Based on its most current assessment of the proposed power and transmission rate adjustments, Bonneville believes this proposal may be the type of action typically excluded from further NEPA review pursuant to U.S. DOE NEPA regulations, which apply to Bonneville. More specifically, the proposal appears to solely involve changes to Bonneville's rates and other cost recovery and management mechanisms to ensure that there are sufficient revenues to meet Bonneville's financial obligations and other costs and expenses, while using existing generation sources operating within normal limits. As such, it appears this rate proposal falls within Categorical Exclusion B4.3, found at 10 C.F.R. part 1021, subpart D, app. B4.3 (2015), which provides for the categorical exclusion from further NEPA review of "[r]ate changes for electric power, power transmission, and other products or services provided by a Power Marketing Administration that are based on a change in revenue requirements if the operations of generation projects would remain within normal operating limits."

Nonetheless, Bonneville is still assessing the proposal, and, depending upon the ongoing environmental review, Bonneville may instead issue another appropriate NEPA document.

Comments regarding the potential environmental effects of the proposal may be submitted to Katey Grange, NEPA Compliance Officer, EC-4, Bonneville Power Administration, 905 NE 11th Avenue, Portland, Oregon 97232, and to [kcgrange@bpa.gov](mailto:kcgrange@bpa.gov). Any such comments received by the comment deadline for Participant Comments identified in Section III.A of this notice will be considered by Bonneville's NEPA compliance staff in the NEPA process that is being conducted for this proposal.

### **Part III – Public Participation in BP-24**

#### *A. Distinguishing Between “Participants” and “Parties”*

Bonneville distinguishes between “participants in” and “parties to” the BP-24 proceeding. Separate from the formal hearing process, Bonneville will receive written comments, views, opinions, and information from participants who may submit comments without being subject to the duties of, or having the privileges of, parties. Participants are not entitled to participate in the prehearing conference; may not cross-examine parties' witnesses, seek discovery, or serve or be served with documents; and are not subject to the same procedural requirements as parties. Bonneville customers whose rates are subject to this proceeding, or their affiliated customer groups, may not submit participant comments. Members or employees of organizations that have intervened in the proceeding may submit participant comments as private individuals (that is, not speaking for their organizations) but may not use the comment procedures to address specific issues raised by their intervener organizations.

Written comments by participants will be included in the record and considered by the Administrator if they are received by Friday, December 9, 2022. Participants should submit comments through Bonneville's website at [www.bpa.gov/comment](http://www.bpa.gov/comment) or by hard copy to: BPA Public Involvement, DKE-7, Bonneville Power Administration, P.O. Box 3621, Portland, Oregon 97208. All comments should contain the designation “BP-24” in the subject line.

#### *B. Interventions*

Any entity or person intending to become a party in the BP-24 proceeding must file a

petition to intervene through Bonneville's secure website (<https://ratecase.bpa.gov/>). A first-time user of Bonneville's secure website must create a user account to submit an intervention. Returning users may request access to the BP-24 proceeding through their existing accounts, and may submit interventions once their permissions have been updated. The secure website contains a link to the user guide, which provides step-by-step instructions for creating user accounts, generating filing numbers, submitting filings, and uploading interventions. Please contact the Hearing Coordinator via e-mail at [cwgriffen@bpa.gov](mailto:cwgriffen@bpa.gov) or, if the question is time-sensitive, via telephone at (503) 230-5107, with any questions regarding the submission process.

All petitions to intervene must be submitted through the BP-24 proceeding secure website by the deadline established in the procedural schedule. Late interventions are strongly disfavored. Petitions to intervene must conform to the format and content requirements in Sections 1010.6 and 1010.11 of Bonneville's Rules of Procedure. Petitions must state the name and address of the entity or person requesting party status and the entity or person's interest in the hearing.

The Hearing Officer will rule on all petitions to intervene. Bonneville customers and affiliated customer groups will be granted intervention based on petitions filed in conformance with the Rules of Procedure. Other petitioners must explain their interests in sufficient detail to permit the Hearing Officer to determine whether the petitioners have a relevant interest in the hearing.

Bonneville or any party may oppose a petition to intervene. The deadline for opposing a timely petition to intervene is two business days after the deadline for filing the petition. Opposition to an untimely petition to intervene must be filed within two business days after service of the petition.

### *C. Developing the Record*

The hearing record will include, among other things, the transcripts of the hearing, written evidence and argument entered into the record by Bonneville and the parties, written

comments from participants, and other material accepted into the record by the Hearing Officer.

The Hearing Officer will review and certify the record to the Administrator for final decision.

The Administrator will develop final rates based on the record and such other materials and information as may have been submitted to or developed by the Administrator. The Final ROD will be made available to all parties. Bonneville will file its rates with the Commission for confirmation and approval after issuance of the Final ROD.

#### **Part IV – Summary of Rate Proposals**

Bonneville is proposing power and transmission rates for FY 2024-25 that are consistent with the terms of the BP-24 Rates Settlement.

##### *A. Summary of the Power Rate Proposal*

Bonneville is proposing four primary rates for Federal power sales and services, along with general rate schedule provisions to implement such rates.

##### **1. Priority Firm Power Rate (PF-24)**

The PF rate schedule applies to sales of firm power to public body, cooperative, and Federal agency customers to meet their requirements pursuant to Section 5(b) of the Northwest Power Act. The PF Public rate applies to the sale of Firm Requirements Power under CHWM contracts with customers taking Load Following, Block, or Slice/Block service. Consistent with the TRM, Tier 1 rates include three charges: (1) customer charges, (2) a demand charge, and (3) a load shaping charge. In addition, two Tier 2 Short-Term rates are proposed, the Short-Term and Load Growth rates. These rates would be applicable to customers that have elected to purchase power from Bonneville for service to their Above-RHWM Load.

The proposed average Tier 1 non-Slice product rate impact, which represents the majority of Bonneville's power sales, is flat relative to BP-22. The overall average PF Tier 1 rate impact that includes the Slice and non-Slice products will be a slight decrease relative to BP-22.

Customer-specific results will vary around these average impacts, with some customers experiencing higher rate impacts and some lower rate impacts, based on the specific situation of



a particular customer.

The Base PF Exchange rate and its associated surcharges apply to sales pursuant to Residential Purchase and Sale Agreements and Residential Exchange Program Settlement Implementation Agreements with regional utilities that participate in the REP established under Section 5(c) of the Northwest Power Act, 16 U.S.C. 839c(c). The Base PF Exchange rate establishes the threshold for participation in the REP; only utilities with ASCs above the appropriate Base PF Exchange rate may receive REP benefits. If a utility meets the threshold, a utility-specific PF Exchange rate will be established in this proceeding for each eligible utility. The utility-specific PF Exchange rate is used in calculating the REP benefits each REP participant will receive during FY 2024—2025.

The proposed PF-24 rate schedule also includes resource support services rates for customers with non-Federal resources, and a melded PF rate for Public customers that have elected power sales contracts other than CHWM contracts for firm requirements service.

## 2. New Resource Firm Power Rate (NR-24)

The NR-24 rate applies to firm power sales to investor-owned utilities (IOUs) to meet their net requirements pursuant to Section 5(b) of the Northwest Power Act. The NR-24 rate is also applied to sales of firm power to Public customers when this power is used to serve new large single loads. In addition, the NR rate schedule includes rates for services to support Public customers serving new large single loads with non-Federal resources. In the BP-24 Initial Proposal, Bonneville is forecasting no power sales at the NR rate.

## 3. Industrial Firm Power Rate (IP-24)

The IP rate is applicable to firm power sales to DSI customers authorized by Section 5(d)(1)(A) of the Northwest Power Act, 16 U.S.C. 839c(d)(1)(A). In the BP-24 Initial Proposal, Bonneville is forecasting sales to one DSI customer at the IP rate.

## 4. Firm Power and Surplus Products and Services Rate (FPS-24)

The FPS rate schedule is applicable to sales of various surplus power products and

surplus transmission capacity for use inside and outside the Pacific Northwest. The rates for these products are negotiated between Bonneville and the purchasers. The FPS-24 rate schedule also includes rates for customers with non-Federal resources; the Unanticipated Load Service rate; rates for other capacity, energy, and scheduling products and services; rates for reserve services for use outside the Bonneville balancing authority area; and real power losses rates for customers that elect financial settlement of real power losses. Bonneville is proposing a new FPS rate, the Firm Water Transition Power rate that would be applicable to specific Slice customers to help transition them to Bonneville's recently adopted 30-water year and 10th percentile metrics for forecasting firm output.

#### 5. Power General Rate Schedule Provisions (GRSPs)

The Power GRSPs include general rate schedule terms and conditions applicable to Bonneville's power rates. In addition, the Power GRSPs contain special rate adjustments, charges, credits, and pass-through mechanisms for specific events and customer circumstances. Among other matters covered by the Power GRSPs are provisions related to calculating rates, resource support services, charges associated with transfer service, risk adjustments, Slice True-up, the Residential Exchange Program, conservation, payment options, and other charges. Bonneville is proposing two new GRSPs: the Washington Cap-and-Invest Program Charge that would be applicable if Bonneville becomes a First Jurisdictional Deliverer in this program; and a Resource Adequacy Service credit and charge that would be applicable if Bonneville begins participation in a binding season in the Western Resource Adequacy Program under certain defined conditions. Bonneville is also proposing a change in the market index it uses for various services and rates as well as proposing the addition of a rate cap on the Unauthorized Increase Charge.

#### *B. Summary of the Transmission Rate Proposal*

Bonneville is proposing to extend the current (BP-22) transmission rate levels for the FY 2024-25 rate period, pursuant to the BP-24 Rates Settlement. Bonneville is proposing separate

transmission rates for its Network segment, intertie segments, ancillary and control area services, and for various specific purposes.

### 1. Network Rates

The Network Integration Transmission Rate (NT-24) applies to customers taking network integration service, which allows customers to flexibly serve retail load.

The Point-to-Point Rate (PTP-24) is a contract demand rate that applies to customers taking Point-to-Point service on Bonneville's network. Point-to-Point service provides customers with service from identified points of receipt to identified points of delivery. There are separate rates for long-term firm service, and various increments of firm and non-firm short-term service.

The Formula Power Transmission Rate (FPT-24.1) is based on the cost of using specific types of facilities, including a distance component for the use of transmission lines, and is charged on a contract demand basis.

### 2. Intertie Rates

The Southern Intertie Rate (IS-24) is a contract demand rate that applies to customers taking Point-to-Point service on the Southern Intertie.

The Montana Intertie Rate (IM-24) applies to customers taking Point-to-Point service on the Eastern Intertie and that are not parties to the Montana Intertie Agreement.

The Townsend-Garrison Transmission Rate (TGT-24) applies to parties to the Montana Intertie Agreement taking firm service over Bonneville's section of the Montana Intertie.

The Eastern Intertie Rate (IE-24) applies to parties to the Montana Intertie Agreement taking non-firm service on the portion of the Eastern Intertie capacity that exceeds Bonneville's firm transmission rights.

### 3. Other Transmission Rates and General Rate Schedule Provisions

The Use-of-Facilities Rate (UFT-24) establishes a formula rate for the use of a specific facility based on the annual cost of that facility.

The Advance Funding Rate (AF-24) allows Bonneville to collect the capital and related costs of specific facilities through an advance-funding mechanism.

The Regional Compliance Enforcement and Regional Coordinator rate (RC-24) recovers costs assessed to Bonneville for regional reliability compliance monitoring, enforcement, and reliability coordination services.

The Oversupply Rate (OS-24) recovers the costs Bonneville incurs to displace generation under the Oversupply Management Protocol, Attachment P to Bonneville's Tariff.

Other proposed transmission rates and charges include: a Utility Delivery Charge for the use of low-voltage delivery substations; a Reservation Fee for customers that postpone the service commencement date of transmission service; incremental cost rates for transmission service requests that require new facilities; a penalty charge for failure to comply with dispatch, curtailment, redispatch, or load shedding orders; an Unauthorized Increase Charge for use of the transmission system in excess of contracted-for demand; and rate adjustment mechanisms consistent with Bonneville's Financial Policies.

Bonneville's proposes two new charges associated with real power loss returns. First, Bonneville is proposing a charge to settle loss imbalances associated with in-kind loss returns. In addition, the Invalid Loss Return penalty charge is proposed to replace the Financial for Inaccuracy penalty charge in the current rate schedules and incent accurate and timely return of in-kind loss return obligations.

#### 4. Ancillary Service and Control Area Service Rates

The BP-24 Transmission Rates Proposal includes rates for Bonneville's Ancillary and Control Area Services, along with certain updates to those rates and new rates. Bonneville proposes two new rates and certain changes to existing rates to support its participation in the EIM.

The EIM Contingency Rate is a new rate Bonneville is proposing to apply under temporary EIM contingency events that require corrective action. This rate would allow the EIM

market operator to settle using an alternative pricing index when EIM pricing is unavailable.

Bonneville is proposing a new rate to recover credits and charges for the Flexible Ramping Product associated with EIM participation. Bonneville did not previously recover these credits and charges in rates.

Bonneville proposes to remove or revise certain provisions of the rate schedules that were adopted in the BP-22 rate proceeding to account for the mid-rate period transition to the Western EIM.

#### *D. Risk Mitigation Tools*

Bonneville is proposing three rate adjustment mechanisms for BP-24 power and transmission rates, primarily to buffer against poor financial performance over the rate period and protect the agency's solvency and strong credit rating. These mechanisms implement Bonneville's Financial Reserves Policy (FRP) and provide for adjustments to a business line's rates or other action in the event the business line's financial reserves for risk (Financial Reserves) fall below or exceed certain thresholds.

The Cost Recovery Adjustment Clause (CRAC) will adjust rates upward to generate additional revenue within the rate period if business line Financial Reserves fall below a defined lower threshold.

The Financial Reserves Policy Surcharge (FRP Surcharge) will also adjust rates upward to generate additional revenue within the rate period if business line Financial Reserves fall below a defined lower threshold.

Finally, the Reserves Distribution Clause (RDC) will trigger if Financial Reserves exceed upper thresholds for the business line and the agency as a whole. If the RDC triggers, Bonneville will consider the amount of Financial Reserves above the threshold for rate relief or investment in high-value, business line-specific purposes such as debt retirement.

Bonneville is proposing certain revisions in the three risk adjustment clauses. First, for FY 2024, the three Power risk adjustment clauses will not be applicable to the portion of a

customer's service at PF Tier 1 rates that has been converted from a Slice product to a non-Slice product beginning October 1, 2023. However, the three risk adjustment clauses will apply to such customer's entire service at PF Tier 1 rates for FY 2025. Second, any FY 2024 or 2025 Power RDC will automatically provide a dividend distribution in an amount equal to the lesser of the RDC amount and the amount of Planned Net Revenues for Risk included in the BP-24 power rates. And third, the caps on the Power and Transmission RDCs are removed for the BP-24 rate period, FY 2024-2025.

## **Part V – Proposed BP-24 Power Rate Schedules and BP-24 Transmission Rates Schedules**

Bonneville's proposed BP-24 Power Rate Schedules and BP-24 Transmission Rate Schedules, which includes Transmission, Ancillary, and Control Area Services Rate Schedules, are a part of this notice and are available for viewing and downloading on Bonneville's website at <https://www.bpa.gov/goto/BP24>. The BP-24 Rates Settlement agreement is also posted at this website.

### **Signing Authority**

This document of the Department of Energy was signed on November 8, 2022, by John L. Hairston, Administrator and Chief Executive Officer of the Bonneville Power Administration, pursuant to delegated authority from the Secretary of Energy. This document with the original signature and date is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on November 15, 2022.

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Treena V. Garrett,  
Federal Register Liaison Officer,  
U.S. Department of Energy.

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